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USSR-THIRD WORLD

1986 ARMS TRANSFERS: DOWN AGAIN

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The estimated value of Soviet arms transfers to the Third World in 1986 dropped 10-15% to under \$12 billion--far below the 1982 peak of over \$16 billion and the fourth straight year of decline. Several major recipients, notably Iraq, Cuba and Nicaragua, received more arms than in 1985, as did Angola and Afghanistan. In contrast, the value of deliveries to most major hard currency customers such as Syria and Libya dropped sharply. The likely export of expensive new weapons in 1987 suggests that the value of Moscow's arms transfers going to the Third World probably has bottomed out.

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The number of fighter aircraft Moscow delivered continued to decline, although the MIG-29 was exported to the Third World for the first time. The number of tanks delivered fell back to the 1984 level, and for the first time, the number of MI-25 helicopters Moscow sent to the Third World fell. Exports of warships also were off sharply.

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As in 1985, Iraq received the largest share of Soviet arms in both value and tonnage, and it also was one of the few major arms clients to enjoy an increase in arms deliveries. Highlighting transfers were the arrival of Baghdad's first MIG-29s. An end-of-year surge in deliveries probably was in anticipation of Iran's "final offensive."

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The trend in Soviet deliveries to Marxist clients fighting insurgencies was mixed. Deliveries to the three Indochinese countries, Ethiopia and Mozambique dropped by over \$1.3 billion, but deliveries to other Marxist clients increased.

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Angola received additional MIG-23s and SAMs to discourage South African intervention in support of UNITA. Afghanistan received a range of weapons to replace losses, and deliveries to Cuba rebounded from their 1985 low.

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~~major hard currency customers except for Iraq. Soviet deliveries to Libya~~
~~dropped sharply despite the arrival of additional SA-5, SA-8, and SA-13~~
~~missiles and of a Koni-class frigate. A sharp drop in deliveries to Syria~~
~~likely reflected Damascus' lack of money, its need to absorb earlier~~
~~imports, and political frictions with Moscow.~~ [] 25X1

India, which pays in soft currency, was the only major customer whose acquisitions of Soviet arms were unaffected by financial problems. The value of Soviet deliveries was almost as high as in the record year of 1985. New Delhi received a range of new equipment including the MIG-29, BMP-2, Tin Shield radar, Kilo-class submarine, and MI-26 helicopter none of which had been exported to the Third World before 1986. [] 25X1

Outlook: Soviet arms transfers to the Third World probably have bottomed-out and several factors may even lead to a slight rise in the value of deliveries this year. Increased export of expensive new weapons such as the MIG-29, Kilo-class submarine, and T-72M1 may help raise the value of deliveries. India, for one, is set to receive additional large amounts of such equipment in 1987, and Syria probably will receive the MIG-29. Several countries--Algeria, Tanzania, and Peru, for example--have arranged new deals which should lead to increased deliveries in 1987. Iraq and the Marxist clients will need large amounts of munitions and other arms to pursue their war efforts. Notably, if Ethiopia's stability is threatened, the Soviets would put aside concern over reparations and sharply increase deliveries of weapons and materiel needed to preserve the regime. The improving anti-aircraft capabilities of insurgents in countries such as Afghanistan also may lead to an increase in exports of fighter aircraft and helicopters, both expensive items. [] 25X1

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TABLE ONE

LEADING RECIPIENTS OF SOVIET ARMS IN 1986

<u>Recipient</u>	Value of Deliveries			
	1986	1986 in Constant \$	1985 in Constant \$	% Change
Iraq	3718	3049	2272	+ 34
India	1802	1478	1530	- 5
Vietnam	1624	1332	1647	- 18
Cuba	1426	1169	816	+ 43
Angola	1020	836	725	+ 15
Afghanistan	830	681	582	+ 17
Libya	705	578	817	- 29
Syria	575	472	1280	- 63
Nicaragua	5	4	168	+1
Algeria	450	369	385	- 4
Ethiopia	266	218	911	- 76

- Values in US \$M

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TABLE TWO

SOVIET DELIVERIES OF MAJOR MILITARY EQUIPMENT TO THE THIRD WORLD

<u>Equipment</u>	1985	1986 (preliminary)
Fighter/Fighter-Trainers	180	153
Helicopters	200	110
Tanks	850	750
APCs/IFVs	1400	1300
Field Artillery (over 100mm)	400	350
SAM missiles (excluding shoulder-held)	2550	1700
Warships	60	25

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